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Annual plan 2023/24



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Ginny Dunn, Office of the Auditor-General

Annual plan 2023/24

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Auditor-General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

I am pleased to present my Office's annual plan for 2023/24. This has been finalised following feedback on our draft annual plan, which we presented to the Speaker on 28 April 2023.

My Office works to *improve trust and promote value* in the public sector. As always, our plan looks at where we can best influence improvements in the performance and accountability of public organisations. I am pleased with the interest in our draft annual plan and the helpful feedback we received.

The annual plan covers our discretionary programme of work for 2023/24. Our discretionary work includes performance audits, inquiries, special studies, commentaries and research, regular reports and updates, and good practice guidance.

This plan does not cover our mandatory audits of public organisations,¹ specific inquiry topics,² or most of our international work.³ However, given the significance of our mandatory work, both to our wider work and to supporting public accountability and performance, we have included information on the work we are doing to further strengthen the public audit function and address audits deferred due to Covid-19.

Following feedback on our draft annual plan, we have confirmed our four priorities for the year, which are aligned with my strategic intentions to 2028:

- strengthening our core assurance role;
- increasing our impact with public organisations;
- enhancing our impact in te ao Māori; and
- building on our reputation as a source of trusted information.

What we heard from you on our draft plan

In developing and finalising this plan, we sought feedback from across the public sector, from Parliament, and from the public. I would like to thank those who gave us feedback, which was largely in support of our proposed work programme. We have included a summary in Appendix 1 of the changes we made in response to the feedback.

We acknowledge the breadth of this plan and the amount of work we have planned during the year. However, while we continue to focus on addressing

1 See Appendix 2 for a summary of the types of public organisations we audit.

2 In contrast to our planned discretionary work, our inquiries work responds to matters of current concern, so the number and topics we might inquire into varies by year.

3 Our international work, such as our role as Secretary-General of the Pacific Association of Supreme Audit Institutions (PASAI), is carried out under a contract with the Ministry of Foreign Affairs and Trade and managed through that contractual relationship.

deferred work, we also want to ensure that we continue to provide insight into the aspects of public sector performance that New Zealanders see as important.

We will continue to be agile and respond to unexpected events and emerging issues during 2023/24. These might delay some work; they might also give us new work to do.

We noted in our draft plan our intention to introduce a new product in 2023/24 – a rapid audit. Rapid audits will be a shorter form of performance audit, designed to provide clarity or insight on matters of immediate public interest in a short time frame. We received support for this new product from Parliament and public organisations. We are currently preparing a new methodology to support these audits to ensure that they can be carried out quickly while meeting our standards for quality and balance.

As also noted in the draft plan, in this year's public survey we heard about two areas of interest for the public: value for money and resilience of infrastructure, and the effectiveness of workforce planning in the health and education sectors. We sought feedback on these topics and received particular support for looking at the resilience of infrastructure. We have decided to include a performance audit on this topic in our programme for 2023/24.

I thank my staff for their work in preparing and finalising this plan. I also thank Parliament, the public, and the public sector for your interest in, and support for, the work we do. Your feedback has been important to us in finalising this plan.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'JM Ryan', with a stylized flourish at the end.

John Ryan
Controller and Auditor-General | Tumuaki o te Mana Arotake

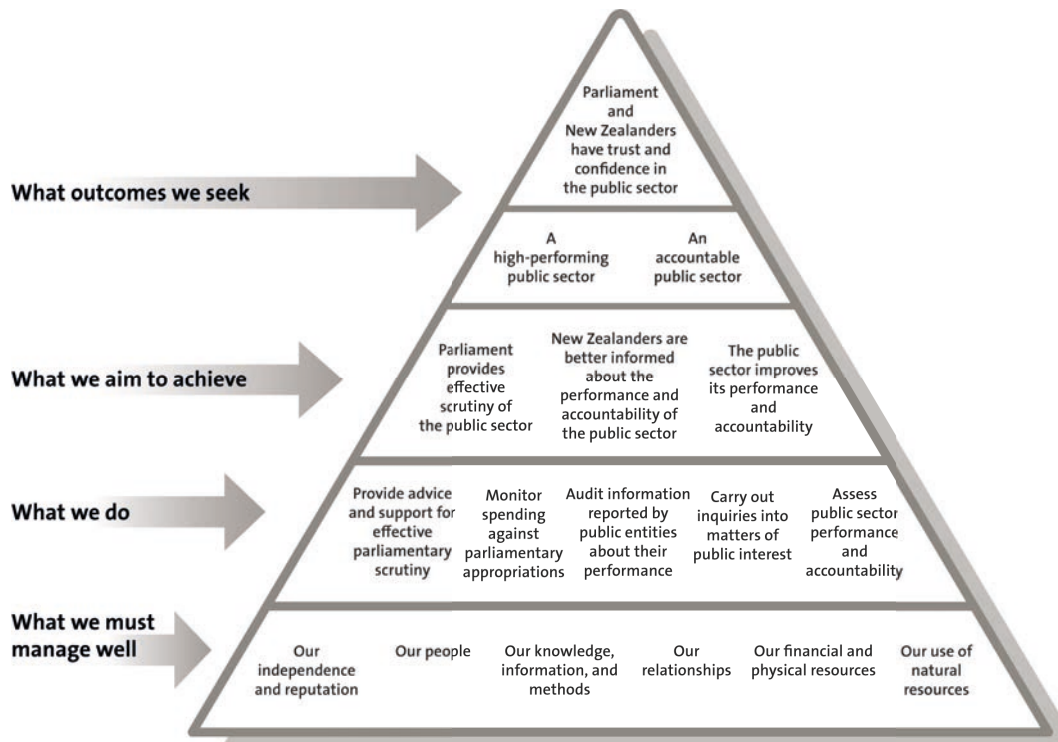
22 June 2023

How we determine our work programme

Our strategic direction provides the context for our work

The *Auditor-General's strategic intentions to 2028* provides the strategic context for our 2023/24 annual plan.

Our vision is a high-performing and accountable public sector. The ultimate outcome we seek is for Parliament and New Zealanders to have trust and confidence in the public sector (see our performance framework below).



Our strategic intentions document describes what we will focus on in the next five years to help achieve our long-term outcomes. It sets out what we will do differently to achieve the change we want to see after five years.

Our proposed work programme is based on these strategic priorities:

- strengthening our core assurance role;
- increasing our impact with public organisations;
- enhancing our impact in te ao Māori; and
- building on our reputation as a source of trusted information.

We draw on what we already know

As the auditor of every public organisation, our role allows us to consider performance and accountability matters for the whole public sector. We regularly assess the issues, risks, and opportunities we see throughout the public sector. This assessment draws on the information our auditors and sector managers gather, our monitoring of risks, and our independent analysis of public sector performance and associated issues.

We also draw on our previous work and knowledge – reports we have published (including inquiries, research reports, and the results of recent audits) and information from our follow-up reports on how public organisations have implemented our recommendations.

Our central and local government advisory groups help us better understand the common themes and issues in their sectors. Our discussions with select committees and members of Parliament are also important sources of information.

The feedback we receive on our draft annual plan, including input from Parliament, the public sector, and directly from members of the public, also helps us to prioritise our work.

We use all this information to help determine what work to include in our annual plan. The work that we intend to do is based on what we currently know. If new information or risks come to light, we might decide to change some of our planned work.

We incorporate the views of the public into our discretionary work

We carry out a regular survey of the public to ask about the issues they would like us to look at. In our first survey, we asked for feedback on a range of topics to get a sense of what New Zealanders thought would be helpful to include in our work programme.

In 2022, that survey largely confirmed the areas of focus we had already included in our plan. We did, however, add a performance audit on the Government's progress in reducing child poverty.

In this year's survey, we asked for feedback on specific topics relevant to our strategy. We asked the public what they thought were the most important topics for us to focus on when thinking about:

- the way in which government agencies keep New Zealanders informed about how they are performing;

- what value is delivered for the money the public sector spends;
- whether the public sector acts with integrity; and
- how well government agencies are preparing for the future.

Results from the survey indicated there was particular interest in the value for money and resilience of infrastructure and the effectiveness of workforce planning in the health and education sectors.

We sought feedback on these topics when we consulted on our draft plan.

We received strong support for the infrastructure topic, with several suggestions of specific areas we could focus on. We will be adding a performance audit on infrastructure resilience to our programme for 2023/24.

The survey is a useful way to check whether our work programme includes topics that New Zealanders are interested in. We will continue to consider ways we can collect views from the public to inform our work.

And we consider what's changing

Global economic cycles and other external factors affecting the economy continue to affect communities. **Climate change** and adverse weather conditions also test the resilience of communities. The clean-up and rebuilding after some of these events can take months or years to complete. There will be public interest in how local and central government tackle this difficult challenge.

Preparing for the next natural disaster at either a local or national level continues to put pressure on **emergency management** resources. Also, historical **under-investment in infrastructure** is continuing to result in highly visible asset failures and service disruptions.

High-trust policies, new policies prepared at speed, and urgent and high-value procurement processes all come with risks to probity and can raise questions about the integrity of processes and value for money. Mitigation of these risks depends on good-quality decision-making, a focus on value for money, processes that have integrity, and effective monitoring and reporting practices.

Many of the challenges facing New Zealand require a continued focus over a long period. It is important for public organisations to take a **long-term view**. This will require high-quality data and information to inform planning and decision-making that will have better long-term outcomes for New Zealand.

Operating with **integrity** is fundamental to maintaining trust and confidence in public organisations. In 2022, we published an integrity framework to help public sector leaders and governors take a whole-of-organisation approach to building

a culture of integrity. We will continue to focus on integrity in the public sector in 2023/24 and beyond.

Central and local government spend more than \$170 billion of public money each year. Parliament and the public expect **value for money** and meaningful information to hold all levels of the government to account for its spending.

The public has a right to know what is being achieved with the taxes and rates they pay. Relevance and transparency of performance information, and the way in which public organisations **report on their performance**, are important. It should be easy for the public to find out what services are being delivered, at what cost, and the difference that is being made to the lives of New Zealanders.

Misinformation threatens to undermine the public's trust in the public sector and in Government. The importance of public organisations reporting on their performance in ways that are relevant, timely, and understandable, to allow Parliament and the public to hold them to account, has never been more apparent.

We remain interested in the **reforms** that are currently under way in different parts of the public sector. These reforms are individually and collectively significant, and there are risks associated with this scale of change. Strong governance and accountability arrangements are needed to ensure that the reform processes manage the increased risks associated with financial management, probity, loss of capability, and the cumulative effects of several reforms happening at once. We will also be interested to know over time whether the reforms are delivering on what they were designed to do.

We published research in 2022 that explored Māori perspectives on public accountability. The public sector is focused on building capability to support the Crown's **relationships with Māori**. The Crown also has commitments arising from Treaty settlements that need to be honoured.

There continue to be disparities in the quality and provision of public services. We are interested in whether specific strategies and programmes are **reducing these inequities and improving outcomes**.

Strengthening our core assurance role

The public audit system supports public organisations to report relevant and reliable information about their finances and performance. Robust and transparent reporting allows public organisations to describe what they are doing well and what they can improve. In turn, this allows Parliament and the public to hold these organisations to account for that performance.

Given the criticality of the public audit system to public accountability, we must ensure that there is a sustainable and fit-for-purpose system for carrying out audit and assurance work for organisations under the mandate of the Auditor-General. This includes:

- providing auditing standards, guidance, and advice to our appointed auditors;
- carrying out quality assurance reviews to ensure that auditing standards are met; and
- ensuring that the public audit system is positioned well to respond to future challenges and expectations for public sector audits and changes in the audit profession.

Our priorities for 2023/24 are set out below.

1. Strengthening the public audit system

Many issues are affecting the long-term sustainability of the public audit system. There are pressures caused by a global auditor shortage and fewer people studying accountancy-related subjects in New Zealand universities, ongoing challenges arising from the Covid-19 pandemic, and increasing expectations on auditors (such as increasing audit complexity and quality management expectations). Changes to the wider operating environment are also adding to the pressure on public organisations and on our auditors.

Our expectations of audit service providers

Each year we issue “audit briefs” to our audit service providers. Audit briefs set out what auditors should focus on when doing the annual audits of different types of public organisations. They are our main tool for communicating the Auditor-General’s expectations of auditors and for sharing the information that auditors need when preparing for an audit.

We also use audit briefs to provide information about significant matters, such as reforms, and how these should be dealt with in the audit, as well as to request any specific work that is outside the normal scope of the audit to support our discretionary work.

In 2023/24, annual audits will have a particular focus on performance reporting. We describe later in this annual plan the work we will do to improve performance reporting through our annual audits. It includes assessing whether public organisations comply with new performance reporting standards.

Public sector reforms and new audit methodologies

Ongoing public sector reforms in the health sector and for water services have resulted in new responsibilities for the Auditor-General. These represent both a challenge and an opportunity for increasing the impact of our audit work.

The Pae Ora (Healthy Futures) Act 2022 created two agencies to replace the 20 district health boards: Te Whatu Ora – Health New Zealand and Te Aka Whai Ora – Māori Health Authority. The fundamental nature of the changes, and the scale of Te Whatu Ora, will have implications for how we approach our audits in the health sector, including how we consider risks and how we can best add value.

We also have statutory responsibilities for auditing Te Pae Tata, the New Zealand Health Plan, including auditing the reporting against the Interim Health Plan for 2022/23 and 2023/24. Te Pae Tata is intended to provide a three-year plan for the delivery of publicly funded health services. To provide Parliament and the public with assurance on Te Pae Tata, we need a new audit methodology for what is significant, high-profile, important, and complex work.

Reforms to water services will lead to the creation of several new entities that will be responsible for water supply and wastewater and stormwater services. If there are no changes to the accountability requirements in the Water Services Entities Act 2022, the new water services entities will be required to prepare several accountability documents. These include a statement of intent, an infrastructure strategy, and a consumer engagement strategy.

The Auditor-General will be required to audit these documents. Because these will be new types of audits, we will need appropriate audit methodologies, plans, and resources in place.

Planned work: Audit readiness for public sector reforms, including new audit methodologies

In 2023/24, we will deliver on our new responsibility of auditing the New Zealand Health Plan and prepare for new audit requirements that will come from reforms to water services (subject to amendments to the Water Services Entities Act 2022).

We will need to:

- scope and plan the audits, considering the financial and service delivery aspects of these complex sectors;
- develop an audit approach for carrying out the audits; and
- train audit staff.

We will develop a methodology for meeting new audit requirements for the health plan. We will also have a particular interest in the performance reporting of these new entities. Establishing a clear and coherent performance framework at the outset will allow Parliament and the public to understand how the reforms have affected performance in these critical sectors.

We will start preparing for audit engagements with the new water services entities. The final form of the water reforms will be clearer after amendments to the Water Services Entities Act 2022 are enacted. We will monitor the situation and determine the implications for the audits of the new entities and the audits of councils' 2024-34 long-term plans. Our audit approach will be designed to provide assurance that water infrastructure assets, and associated debt and any other liabilities, are transferred from councils to the new entities using appropriate accounting assumptions and approaches.

Schools' accountability

Schools' financial statements have become more complicated over time because of changes in financial reporting standards and the Ministry of Education's reporting requirements.

Schools need to be publicly accountable in a way that is cost-effective. In 2022/23, we worked with the Ministry of Education to prepare terms of reference that would help the Ministry develop a work programme on the future of schools' financial reporting. We are supporting the Ministry to identify, where appropriate, opportunities to improve schools' financial reporting, including the audit process.

Planned work: Supporting the Ministry of Education's review of school accountability

The Ministry of Education will lead the future of financial reporting work programme for schools, with us supporting the work.

We will:

- participate, where appropriate, and lead projects in our areas of responsibility, including work related to realising audit efficiencies in school audits;
- manage the collection and sharing of any information held by school auditors as needed to support the programme; and
- be an active member, where appropriate, on the group set up by the Ministry of Education to advise on the work programme as it progresses.

Climate-related reporting

Reporting on climate-related information is evolving. It is also of deep public interest. We expect public organisations to report climate-related information that is relevant, reliable, and transparent. Our assurance work, where mandated, will further support this.

The Financial Markets Conduct Act 2013 requires entities that meet the “climate reporting entity” definition to prepare and report a Climate Statement.⁴ The first Climate Statements are required in 2024. The Financial Markets Conduct Act also requires, from 2025, the greenhouse gas metrics in those Climate Statements to be independently assured. Under this Act, the Auditor-General is the assurance provider for climate reporting entities that are public organisations.

We are preparing for the work we will need to do to audit Climate Statements. We will focus on our current obligations for auditing climate-related measures, such as greenhouse gas emissions, in a public organisation’s audited performance information.

Planned work: Readiness for climate reporting by public organisations

In 2023/24, we will continue our climate-related reporting work to ensure that we are well positioned for the new climate reporting entity assurance requirements from 2025. We will also continue to complete high-quality audits of climate-related information in public organisations’ performance information. This work includes:

- influencing regulators and those developing standards to make sure that climate reporting and assurance standards (and guidance) are fit for purpose for all entities, including public benefit entities;
- building capacity and capability so that we are able to carry out the required assurance work;
- preparing and delivering technical advice and guidance to support auditors; and
- ensuring high-quality audits for greenhouse gas emissions measures that are already being reported on by some public organisations in their audited performance information.

Audit operations

Our system for managing our annual audit portfolio and communicating with our appointed auditors has not kept up with our changing needs. To support the effective allocation and management of our annual audits, this system will be replaced in 2023/24.

Planned work: Audit contract management system upgrade

In 2023/24, we will be implementing new technology for managing our annual audit portfolio and communicating with appointed auditors. This work includes:

- completing the development and user acceptance testing for the new system;
- developing training and practice aid materials for users to ensure that the roll-out of the new system is successful; and
- migrating the data from the old systems to the new system.

Our auditors charge audit fees to public organisations. Those fees must be reasonable and cover the full scope of a public sector audit. Typically, fees are negotiated for a three-year period, with different sectors due for negotiation each year.

Planned work: Audit fee reviews of key sectors

We will be carrying out detailed analysis to ensure that audit fees are reasonable and reflect the work required to carry out audits.

The contracts for auditing local government organisations are due for negotiation in 2023. We will also negotiate contracts for audits of councils' long-term plans in 2023/24. The contracts for school audits are due for negotiation in 2024. Later in 2024, we will start our analysis of central government audit fees, which are due for negotiation in 2025.

2. Positioning Audit New Zealand for the future

In 2022/23, we reviewed Audit New Zealand. The review looked at opportunities to ensure the long-term sustainability of Audit New Zealand and maximise the benefits of our investment in new technology for audit delivery and practice management.

In 2023/24, we will begin implementing the findings of this review.

In 2023/24, Audit New Zealand will also begin to replace its online audit management tool. This tool is used to record evidence that supports the audit report on public organisations' annual financial statements and performance information.

Over time, we expect the new audit tool to make aspects of audits easier to manage by providing a more efficient structure to perform audits, better

workflow, and improved audit quality. It will also support more comprehensive risk assessments, which will improve audit efficiency. The tool should also be more secure, stable, and reliable than the current one. The replacement tool has been chosen and is being phased in.

Planned work: Focus on practice management and implementing the new audit tool

In 2023/24, we will make improvements to the way Audit New Zealand carries out its work with a focus on practice management alongside the implementation of a new audit tool.

This work includes:

- transitioning audits carried out between 2023 to 2025 into the new tool while ensuring that audit quality is maintained;
- change management for our users to achieve a smooth and efficient transition to the new tool;
- implementing identified practice management and efficiency initiatives; and
- preparing to bring audit work back to Audit New Zealand by reallocating appropriate audits from other audit service providers.

Addressing deferred audit work

The effects of the Covid-19 pandemic have meant that some audits have been deferred in recent years. This has been unavoidable due to border restrictions and the shortage of auditors affecting the profession in New Zealand and worldwide.

In 2021/22, most audits of large public organisations were completed on time. In 2023/24, we intend to complete audits within normal statutory reporting deadlines (in line with audit completion rates before the Covid-19 pandemic).

Compared with other jurisdictions, this is a significant achievement. In 2022, the National Audit Office in the United Kingdom completed only 53% of its audits on time. It expects to return to pre-pandemic time frames in mid-2024.

Border restrictions have been eased which has allowed audit firms to recruit experienced auditors from overseas. We have also reallocated some audits across our audit service providers to ensure that there is sufficient capacity to deliver quality audits on a timely basis. Audit firms are also aiming to increase the continuity of audit staff, which will support audit efficiency over time.

Significant public sector reforms and severe weather events have also affected the ability of many public sector organisations to prepare for their audit. We will continue to work with affected public sector organisations to ensure that audits are carried out as efficiently as possible.

Increasing our impact with public organisations

Effective performance and accountability systems are vital to maintaining the trust and confidence that Parliament and the public have in the public sector.

As the auditor of every public organisation in New Zealand, the Auditor-General is in a unique position to influence improvements in performance and accountability practices across the public sector. This includes our role in promoting examples of good practice in areas where we have particular interest and expertise.

Our work to influence positive change in the accountability practices of public organisations will help support Parliament in its scrutiny role and provide improved information for the public.

In 2023/24 our work will focus on:

- influencing the public accountability system and supporting parliamentary scrutiny;
- influencing the performance of public organisations;
- influencing more meaningful and useful performance reporting to improve the performance and accountability of the public sector;
- increasing the focus the public sector has on value for money;
- promoting a long-term view in public organisations' planning and decision-making to strengthen the public sector's response to long-term challenges facing New Zealand; and
- supporting strong organisational integrity practices by public organisations.

1. Influencing the public accountability system and supporting parliamentary scrutiny

We want to see significant improvements in how the public sector reports on its spending and on what is being achieved.

We use the information that we gather from our work, including from our annual audits, to influence the public accountability system and provide support to select committees to help their scrutiny of public organisations by Parliament.

Advice and support to Parliament and select committees

We work closely with select committees to support their scrutiny of public sector spending and performance. For example, in 2022/23 we provided more than 180 briefings to select committees.

In 2023/24, to improve our advice to select committees, we will focus on supporting committees to examine new and significant public organisations, including their major areas of spending and the quality of their performance reporting.

In 2023/24, we will complete work that will provide a picture of sector-level performance reporting for public organisations that contribute to the Transport Outcomes Framework.⁵ We will also publish an Auckland landscape scan that describes what is publicly reported about how the public sector is performing in the region.

In 2023/24, we will build on both pieces of work as part of improving our briefings to select committees. We will provide select committees with a broad assessment of, and commentary on, the performance reporting of other sectors. We will also provide advice about areas for improvement.

This work will be part of improving our support to Parliament and our engagement with these public organisations to improve their financial and performance reporting.

We will work closely with the Office of the Clerk after the General Election to help ensure that incoming select committees are well prepared to carry out their scrutiny of public sector spending and performance.

Planned work: Advice and support to Parliament and select committees

We will continue to improve our advice and support to Parliament and select committees, with a particular focus on examining new and significant public organisations, their spending, and the quality of their performance reporting. We will do this as part of annual reviews and scrutiny of forecast spending through the Estimates of Appropriations after the Government announces its Budget each year.

We will also support induction programmes for incoming select committees and provide sector briefings to subject committees as required.

Readiness for next round of long-term plan audits

Under the Local Government Act 2002, councils are required to prepare a long-term plan every three years. The next long-term plans are due by 30 June 2024.

We audit every long-term plan (and the associated consultation documents) to determine whether they meet their statutory purpose. We also provide our conclusions on the quality of the assumptions and other information used to prepare the plans.

We will continue to work closely with the Department of Internal Affairs' National Transition Unit to understand the effect of the reforms on current and future audit requirements – including current annual audits, audits of the 2024-34 long-term plans, and audits of the new water services entities that will be established by 1 July 2026.

Planned work: Preparing for, and performing, the next round of long-term plan audits

Our audits of long-term plans are different to annual audits because the documents focus on what councils plan to do in the future. Almost all of our annual audits cover what has already happened.

We will support our auditors to successfully complete the next round of long-term plan audits. To do this, we will review the methodology and guidance our auditors use to perform their audits and provide specific training for this. The reform of water services is expected to add complexity to the 2024-34 long-term plan audits. Our work to prepare for the next long-term plan audits started in 2022/23 and will continue into 2023/24, when the audits of the 2023-34 long-term plans will be carried out.

In 2023/24, we also plan to support elected members and audit and risk committees as their councils prepare their long-term plans. We will share information with elected members about what they should be focused on to perform their role in the long-term plan process, and the types of questions they should ask council staff who are preparing the long-term plans.

We regularly produce reports that focus on Auckland Council to meet our requirements under the Local Government (Auckland Council) Act 2009.

Planned work: Auckland Council review of service performance (topic to be confirmed)

Section 104 of the Local Government (Auckland Council) Act 2009 requires the Auditor-General to review the service performance of Auckland Council and each of its council-controlled organisations from time to time. We are assessing possible topics for this next review.

Public accountability research

Effective public accountability is critical to maintaining the trust and confidence of Parliament and the public. In 2023/24, we plan to carry out research into how government agencies are working collaboratively with communities and how this influences improved public accountability.

Planned work: Public sector accountability to communities – research

In 2023/24, we plan to carry out research into what is needed to support high-quality partnerships between public organisations and communities to achieve common goals. We are also interested in whether this way of working can support and improve public accountability. We will look at government-community partnerships to understand what works well, how parties describe and demonstrate progress towards shared common goals, and what motivates the parties to act in the best interest of the partnership. We will present our findings as a series of case studies.

Our research will support our work on influencing the performance of public organisations and inform our work on improving performance reporting in the public sector.

Reporting on well-being

The Public Finance Act 1989 was amended in 2020 to improve the reporting of well-being objectives and the state of well-being in New Zealand.

The Government is now required to set out its well-being objectives annually. The Treasury is required to report on the state of New Zealand's well-being at least once every four years.

The Treasury published its first Wellbeing Report in November 2022. We will provide commentary on the report, including looking at how well it supports a broader understanding of New Zealand's success.

Planned work: Commentary on the Wellbeing Report

Using indicators, the Treasury's Wellbeing Report must describe the state of well-being in New Zealand, how it has changed over time, its sustainability, and any risk to its sustainability. The Treasury published its first Wellbeing Report in November 2022.

The Wellbeing Report is one of a suite of stewardship reports the Treasury is responsible for. We will look at how well the report describes the state and sustainability of well-being in New Zealand. We will also look at the report's position and place in the suite of stewardship reporting and its potential use in supporting the quality and depth of public information and understanding of New Zealand's success.

2. Influencing the performance of public organisations

Through our work, we provide Parliament and the public with assurance that public organisations are delivering what they have been asked to. We report both good and poor performance from our performance audits and inquiries. This normally results in either a report or letter (usually to Parliament) that identifies good practice, raises any issues or concerns, and may recommend improvements to the audited public organisations.

When we scope and carry out performance audits, we consider how to incorporate the four priorities in our strategy.

Health outcomes

Poor mental health and alcohol/other drug-related harm are common in New Zealand. Young people are particularly at risk of experiencing poor mental health or well-being, and there is evidence that the situation is getting worse.⁶

The mental health and alcohol/other drug harm reduction system for young people is complex. Young people who require treatment or support for mental health and alcohol/other drug issues might access services from a range of places.

⁶ Government Inquiry into Mental Health and Addiction (2018), *He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction*, page 8, at [mentalhealth.inquiry.govt.nz](https://www.mentalhealth.inquiry.govt.nz).

Multiple government agencies are involved in the funding and delivery of mental health and alcohol/other drug harm reduction services for young people. It is important that all parts of the system work well together so young people can access timely and appropriate mental health and alcohol/other drug harm reduction services.

In 2022/23, we started a performance audit that looks at how effectively government agencies work together to understand and meet the mental health and alcohol/other drug harm reduction needs of people aged 12 to 24 years.

Planned work: Effectiveness of mental health and alcohol/other drug services for young people

In 2023/24, we intend to complete our performance audit on how mental health and alcohol/other drug harm reduction services are meeting the needs of young people. We will report on what public organisations with responsibilities for mental health and alcohol/other drug harm reduction services understand about current access to services for young people.

We will also look at how services are distributed and the causes of unmet need among this age group. We will report on what these organisations are doing to address any gaps in services or identified delays.

Education outcomes

A stable and strong education system keeps learners engaged and motivated and supports them to achieve their full potential. However, New Zealand's education system does not produce equitable outcomes for all learners. Poor education outcomes will often affect the learner throughout their adult life.

The reasons for educational disparities are complicated and the Ministry of Education is not the only organisation responsible for finding solutions. We plan to look at how the Ministry uses information to identify, understand, and address educational disparities.

Planned work: Understanding and addressing educational disparities

In 2023/24, we will complete our work on how effectively the Ministry of Education uses information to promote equitable outcomes for all learners in years 1-13. We are looking at how effectively the Ministry understands inequities in student outcomes and how this understanding is used to develop, target, and prioritise responses.

We will examine some interventions in detail to understand how data was used to inform the design of responses and how the Ministry ensures that its responses are effectively evaluated. We will also look at how the Ministry is collaborating with other public organisations to effectively address inequities of outcomes in education.

Immigration outcomes

Immigration is important to public services, businesses, and communities. It provides skilled workers, reunites families, and brings in students and people on working holidays. Immigration New Zealand plays a vital role by processing and making decisions about applications.

The immigration system has been significantly affected by the Covid-19 pandemic. Immigration New Zealand has faced several challenges, including the introduction of new visa categories and changes to workflows as part of rebalancing the immigration system after New Zealand's borders reopened in 2022.

In 2023/24, we plan to look in detail at how visas are processed. We want to assess how well Immigration New Zealand's processes are managed for applicants.

Planned work: Immigration New Zealand visa processing – accountability and effectiveness of the visa process

In 2023/24, we plan to assess how well Immigration New Zealand is meeting the needs of applicants. We will do this by looking at how well it is managing visa processing and the ease of engagement, communication, and feedback to applicants. We are also interested in the timeliness of processes for applicants and how Immigration New Zealand deals with complaints.

Reducing child poverty

A significant percentage of children throughout New Zealand live in households where meeting everyday needs is a struggle. The Child Poverty Reduction Act 2018 requires the Government to set three-year and 10-year targets for reducing child poverty. The Child Wellbeing and Poverty Reduction Group, which sits in the Department of the Prime Minister and Cabinet, leads the work to reduce child poverty.

Eight of the nine child poverty measures set out in the Child Poverty Reduction Act 2018 have shown improvements.⁷ However, the data also shows that although the percentage of New Zealand European children living in material hardship is 7.6%, 18.8% of tamariki Māori, 25.6% of Pasifika children, and 21.5% of disabled children are living in material hardship.⁸

Actions to reduce child poverty are being delivered as part of the Child and Youth Wellbeing Strategy and associated Programme of Action. A review of the Strategy in late 2022 found that although there is strong agreement with the vision and outcomes in the Strategy, implementing it could be better supported.⁹

⁷ Statistics New Zealand (March 2023), *Child poverty statistics: Year ended June 2022*, at stats.govt.nz.

⁸ Statistics New Zealand (March 2023), *Child poverty statistics: Year ended June 2022*, at stats.govt.nz.

⁹ *Advice to Ministers: Review of the Child and Youth Wellbeing Strategy – Findings and Recommendations*, at childyouthwellbeing.govt.nz.

This includes improved co-ordination and alignment between agencies and between agencies and communities, and more intentional steps to embed te ao Māori concepts of well-being.

In 2023/24, we will progress our work on the Government's efforts to reduce child poverty. We added this topic in response to the results from our survey of a representative sample of New Zealanders in 2022. We intend our work to help improve the reliability of information about what public organisations are doing to address the complex issue of child poverty.

Planned work: Progress of the Government's efforts to reduce child poverty

In 2023/24, we will progress a performance audit examining the Government's progress in reducing child poverty, including:

- reviewing the Government's progress in implementing its initiatives from the Child and Youth Wellbeing Strategy in reducing child poverty. We will also review to what extent these are making a difference for children, their families, and communities;
- looking at how effectively public organisations are working together to deliver the Government's child poverty work programme, including the role of the Department of the Prime Minister and Cabinet's Child Wellbeing and Poverty Reduction Group; and
- looking at whether information is shared and reported to the public in ways that are meaningful and accessible.

Housing and urban development

New Zealand's housing and urban development system faces significant challenges that have wide-reaching consequences. For example, there has been a significant increase in the number of people waiting for public housing. Some challenges disproportionately affect Māori and Pasifika families.

In 2023/24, we will complete a performance audit looking at how effectively Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development is leading the housing and urban development system. Established in 2018, the Ministry's role involves leading, facilitating, and co-ordinating action by other public organisations and leading the implementation of the Government Policy Statement on Housing and Urban Development.

We will also start a performance audit looking at how Kāinga Ora – Homes and Communities is working with other organisations on significant housing and urban development projects. Kāinga Ora expects to provide about 40,000 new affordable homes in the next 20 years through eight large-scale projects in Auckland, Porirua, and Te Kauwhata in the Waikato region. In addition to its own revenue and borrowing, Kāinga Ora has received \$2.3 billion from the Housing Acceleration Fund to build the necessary infrastructure for these projects. Kāinga Ora is working with developers, councils, iwi, and other central government agencies to deliver these projects.

Planned work: Leadership of the housing and urban development system

We will complete the audit looking at how well placed Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development is to lead the housing and urban development system.

We are looking at how well the Ministry is set up to carry out its leadership role, how well it works with other organisations, and how effectively it maintains oversight of the housing and urban development system.

Planned work: Planning of significant housing and urban development projects

In 2023/24, we will start a performance audit looking at how Kāinga Ora – Homes and Communities works with other organisations to plan and implement significant housing and urban development projects.

We are particularly interested in how effectively central and local government work together on infrastructure planning and implementation, especially given the significant additional funding for infrastructure and land development through the Housing Acceleration Fund.

As part of this work, we also intend to consider how Kāinga Ora will provide for Māori and Pasifika needs and aspirations in these projects and how Kāinga Ora will involve iwi and hapū in the planning processes. We will also look at how efficiently housing projects are delivered and what agencies are doing to ensure the quality of that housing.

Cyber security maturity and preparedness

Without fit-for-purpose cyber security, New Zealand will be unable to protect its intellectual property, maintain its reputation as a stable and secure place to live and do business, and ensure that government and democratic processes remain free from interference.

In 2023/24, we will carry out a performance audit to see how a range of public organisations responsible for critical infrastructure and/or key services govern their cyber security risk preparedness and response.

Planned work: Cyber security maturity and preparedness

Information security is becoming increasingly complex as technologies continue to evolve. It can be challenging to keep up to date with the risks associated with them.

Managing information security risk well is essential to protect the public sector's critical information assets. Information security failures can undermine public trust and confidence in the public sector. It is important that government departments, Crown entities, and councils have an effective approach for managing this risk.

In 2023/24, we will carry out a performance audit to understand how well a small number of public organisations govern their cyber security risk preparedness and response. This work will include looking at the extent to which governance relies on, and is informed by, the Protective Security Requirements, including the work of the National Cyber Security Centre* and other relevant organisations.

* The National Cyber Security Centre is part of the Government Communications Security Bureau. Its role is to help New Zealand's most significant public and private sector organisations protect their information systems from advanced cyber threats.

Significant investments

In 2023/24 we will publish a performance audit looking at the investments the Government has made through the New Zealand Upgrade Programme and shovel-ready fund. Both are major infrastructure investments. We are assessing the effectiveness of the systems and processes that underpinned the decision-making for these investments.

Planned work: Systems and processes underpinning government decisions on major infrastructure investment

In late 2019, the Government announced its \$12 billion New Zealand Upgrade Programme. In May 2020, the Government announced that the Covid-19 Response and Recovery Fund had set aside \$3 billion to fund infrastructure projects across the country. This portion of the fund is commonly referred to as the “shovel-ready fund”. The fund was targeted towards infrastructure investments that can enable immediate job creation, generate other public benefits, and have construction activity under way within 12 months.

In 2023/24 we will complete our performance audit assessing the effectiveness of the decision-making systems and processes that have underpinned investment decisions for the New Zealand Upgrade Programme and the shovel-ready fund.

Infrastructure resilience

We surveyed the public about the issues they would like us to look at. This year we asked for feedback on specific topics relevant to our strategy. There was particular interest in the work the government is doing on maintaining and upgrading infrastructure. A performance audit on infrastructure resilience has been added to our work programme for 2023/24.

Planned work: Performance audit topic from public survey: Infrastructure resilience

We have included a new performance audit topic on infrastructure resilience into our work programme for 2023/24, following feedback from the public survey. This may include looking at essential services, such as electricity and communications networks or water assets. We will complete this work in 2024/25.

Following up on our performance audit work

We follow up most performance audits within two years of completing them. To do this, we write to the public organisation asking for an update on how it is progressing with our recommendations, and publish the response on our website. We also use that response to decide whether any further follow-up work is needed.

In 2023/24, we will consider what type of follow-up is appropriate for the matters raised in these performance audit reports:

- *The Government's preparedness to implement the sustainable development goals;*
- *Governance of the City Rail Link Project;* and
- *Improving value through better Crown entity monitoring.*

3. Influencing more meaningful and useful performance reporting

For reporting to be meaningful, the public needs to be able to understand what services are being delivered at what cost, and the difference that is being made through the delivery of those services. We want to improve the relevance and transparency of performance information and how public organisations report on their performance.

We will continue to build on our programme of work designed to achieve this. We will work with and support the Treasury's work to improve how the public sector reports on its performance at the multiple levels at which it operates (from all-of-government funds/initiatives and cross-agency joint arrangements through to individual agencies).

In 2022/23 we started work to track performance across sectors, to provide Parliament and the public with a better view on how well the public sector is performing at a sector level. We started this work with a pilot looking at the transport sector. We will complete this work in 2023/24.

Planned work: Presenting a picture of sector-level performance reporting (transport pilot)

In 2023/24, we will complete our pilot in the transport sector, focused on public organisations that are within the Government Policy Statement for the transport sector and contribute to the Transport Outcomes Framework.* They include Waka Kotahi, Crown entities, and councils.

We will draw on and bring together publicly available information from the transport sector and provide commentary on how well the public sector is reporting on its performance. The focus will be on assessing the quality of performance reporting about what progress is being made on desired outcomes and priorities, major initiatives, value for money, and the quality of services provided. Our work will focus on identifying where there are gaps or issues in the quality of performance reporting as well as where the transport sector is reporting well on its performance.

The aim of this work is to enable Parliament and the public to assess how effectively and efficiently the public sector is using its resources to achieve the Government's transport objectives.

The pilot work will inform the approach we will take on other sectors or on outcomes for society as a whole.

* See *Te Anga Whakatakoto Hua mō ngā Waka – Transport Outcomes Framework*, at transport.govt.nz.

The External Reporting Board has released for consultation an exposure draft of a revised audit standard for service performance reporting. This has a proposed application date for periods beginning on or after 1 January 2024. We will be preparing guidance, training materials, and tools for applying the new audit standard.

The new audit standard provides an opportunity and catalyst for public organisations to improve how they are reporting on their performance.

Planned work: Assessing the quality of performance reporting

In 2023/24, our audits of significant public organisations will place more emphasis on testing the quality of performance frameworks (for example, demonstrating clear connections between what they deliver and the outcomes they seek to achieve), indicators, and information presented by public organisations.

This will include assessing whether public organisations comply with the new standard and good practice. We will have a particular focus on examining the performance frameworks and indicators of new and significant entities created through the public sector reforms.

We will also work with the Treasury to provide guidance, seminars, and workshops on implementing the new standard and good practice in performance reporting more generally.

Highlighting examples of good practice we see in the public sector is one of the main ways we encourage public organisations to improve their performance reporting. Seeing examples of good practice can help them to improve how they report on their performance.

In 2022/23, we published good practice guidance on performance reporting for central government. In 2023/24, we plan to publish good practice guidance on performance reporting for local government.

Planned work: Good practice guidance on performance reporting – local government

In 2023/24, we plan to publish good practice guidance on performance reporting for local government to support the development of councils' long-term plans (which are due by June 2024).

4. Increasing the focus on value for money

Central and local government spend more than \$170 billion of public money each year. The public expects value for money and useful information to hold government to account for its spending. We want to increase the focus the public sector has on value for money.

As noted above, we will continue to push for more transparency about public spending and for more reporting about what is achieved with that spending. We will also report on the quality of information to support decision-making processes where significant amounts of public money are being spent.

We will continue to take an interest in the quality of investment planning to see how well public organisations understand the costs and benefits of significant areas of expenditure, how this understanding is used to inform decisions, and how benefits of investments are monitored over time.

Cyclone Gabrielle and severe weather events

A key area of government expenditure over the next few years will be the response to Cyclone Gabrielle. This has already involved significant public expenditure and is affecting the work of many public organisations.

We will track the funding of initiatives relating to severe weather events, along with how much has been spent and what has been achieved with that spending.

Public sector reforms

We know that the issues and questions that matter to Parliament and the public are often about outcomes for the whole of society or an entire sector. Increasingly, public organisations are working together across a sector or more broadly to improve outcomes.

One of our functions is to report on the performance of public organisations. We aim to provide Parliament and the public with assurance about how well public organisations are delivering what they are there to do.

We want to make it easier for Parliament and the public to understand how public organisations are performing. To do this, we plan to identify and draw together publicly available audited performance measures to see how well public organisations involved in major reforms are performing. We will use those measures to track their performance.

Planned work: Monitoring performance information in sectors undergoing major change

We maintain a database of financial and performance information of several types of public organisations. This information is compiled from audited annual reports, and we use this information to inform the different types of work we do (such as the annual review briefings we provide to Parliament's select committees).

The Government is currently carrying out significant reforms of the public sector. These reforms include tertiary education, the health and disability system, the resource management system, and how water infrastructure (drinking water, wastewater, and stormwater) services are delivered. A Ministerial review into the future for local government is also under way.

Using publicly available audited performance measures, we will seek to provide a picture of the performance of these sectors and regularly update that picture over the next few years as reforms are embedded.

This will help us, Parliament, and the public to understand the effect of the reforms on the performance of these public organisations and sectors. It will also provide some insight into how adequate this performance information is in telling a clear and comprehensive story of performance, and where there might be gaps.

5. Promoting a long-term view

New Zealand faces a range of long-term challenges (for example, those brought about by climate change, inequities in outcomes, and those caused by changing demographics). Planning and decision-making will need to take a long-term view and will require co-ordination across government – as well as high-quality information and reporting about progress – to respond to and address these challenges.

We want to encourage and promote long-term integrated planning in the public sector.

Over the next few years, we will build on what we learn from audits of planning documents, including councils' long-term plans, to provide good practice guidance and highlight public organisations that have a long-term view in their planning and decision-making.

We will also work with central agencies and other stakeholders to influence improvements to processes and tools for long-term planning and decision-making. Where relevant, we will include observations about the quality of long-term planning in our performance audits, and in following years will carry out specific performance audits on this topic.

Climate change and local government

The public sector has a key role in reducing emissions and adapting to the effects of climate change. The move to a net zero-carbon economy will require effective leadership, governance, and accountability arrangements. The effects of Cyclone Gabrielle demonstrated the challenge of adapting to adverse weather conditions. The risks, strategy, and financial effects associated with addressing these challenges will need to be transparent. Climate-related reporting requirements are also increasing in importance.

The estimated costs of adapting to, and mitigating, the effects of climate change are significant and increasing. The level and speed of change that might occur will be challenging for many public organisations.

Local government will play a significant part. Councils have an important role in understanding, planning for, and responding to the effects of climate change.

In our 2021/22 audits of the councils' long-term plans, we considered how councils factored climate change into their planning and proposed spending decisions, particularly for vulnerable areas (including areas that had significant infrastructure projects).

In 2022/23, we built on this work by starting a performance audit of how councils are responding to the effects of climate change. In 2023/24, we will complete that audit.

Planned work: Climate change and local government

We will assess how a cross-section of councils are preparing, and setting priorities, for their response to climate change, including steps they are taking to transition to a low-carbon economy and adapt to climate change effects. We will also evaluate how these councils assess and report on progress towards the climate actions they have committed to, and the resourcing and governance arrangements they have in place.

This work will provide us with a baseline to evaluate future progress. Our audit should help councils that are yet to decide on their climate actions.

6. Supporting strong organisational integrity practices

Maintaining public trust and confidence in the public sector is essential for public organisations to operate effectively, have the impact they are seeking, and achieve their stated outcomes. Trust is built over time and is maintained by demonstrating competence, reliability, and honesty.

When questions are raised about any one of these, trust can erode. It is therefore important that public organisations are seen to be meeting high standards of integrity.

We want to provide support for the public sector on maintaining and improving ethics and integrity in the way it operates.

We have created an integrity framework to help public sector leaders and governors take a whole-of-organisation approach to building a culture of integrity. We will also develop additional integrity resources to support the use of the framework, including resources on how to measure, monitor, and report on integrity practices.

We will continue to partner with Transparency International New Zealand to host regular Leaders Integrity Forums for public sector leaders. Speakers at these forums will cover topics relating to transparency, accountability, corruption-prevention, and integrity. A summary blog post will be published on our website after each forum.

Auditing integrity practices

To support long-term accountability, we will regularly monitor integrity practices across the public sector.

To date we have carried out an integrity audit looking at the management of conflicts of interest in councils. We have also started work looking at the use of emergency procurement rules.

Planned work: Looking at integrity in central government procurement

In 2023/24, we will continue our multi-year performance audit work on integrity.

In 2022/23, we started our audit into how government agencies support integrity practices when they procure goods and services in emergency situations, and how they provide transparency to the public. We are also interested in the role of senior staff in upholding integrity standards when procuring during an emergency. In 2023/24, we will conclude this work and consider further audits on aspects of our integrity framework.

In 2022/23, we started work to translate our integrity framework into a performance audit methodology we can use to assess the integrity culture in public organisations. We plan to finish this work in 2023/24 and apply it in integrity-related audits.

Operation Respect (New Zealand Defence Force)

Operation Respect, a programme aimed at eliminating inappropriate and harmful behaviours and sexual violence in the New Zealand Defence Force, was first launched in 2016. In 2020, the Ministry of Defence commissioned an independent review into the programme. The reviewers recommended that the New Zealand Defence Force request the Auditor-General to carry out an audit of the New Zealand Defence Force's progress on Operation Respect every two years for the next 20 years.

We will carry out regular performance audits of Operation Respect to determine how effectively the New Zealand Defence Force is implementing Operation Respect and achieving its outcomes. We are also completing regular monitoring work to assess the impact of the actions the New Zealand Defence Force is taking. Over time, we will look at whether it is achieving Operation Respect's outcomes.

The first audit for this programme focused on how effectively the New Zealand Defence Force had designed and reset Operation Respect. This, and the first monitoring report which established a baseline for measuring the New Zealand Defence Force's progress in implementing Operation Respect, were published in March 2023.

Planned work: Operation Respect second performance audit and monitoring report

In 2023/24, we will continue to monitor progress the New Zealand Defence Force is making with Operation Respect. Our next performance audit, which we are likely to start in late 2023/24, will look at the key initiatives that the New Zealand Defence Force has focused on. This may include the work currently under way to develop a new strategy or to enhance the discipline and complaints systems.

Supporting integrity in the Pacific

Building on our integrity work in the public sector, we will also continue to support the work the Pacific Association of Supreme Audit Institutions (PASAI) does to advocate for improvements in governance, accountability, transparency, and integrity with, and on behalf of, supreme audit institutions in the Pacific.

Planned work: Supporting integrity in the Pacific

We will continue to host, on behalf of PASAI, webinars for Pacific public sector leaders considering integrity-related topics.

We will continue to be active members of the IntoSAINT (a tool to assess public sector integrity) working group, representing the Pacific region.

We will share insights from the global committee to ensure the effective use of this tool in the region. Our support of IntoSAINT in the Pacific will include rolling out new facilitator guidance materials we developed (now provided to all working group members) to enhance the IntoSAINT resource package. This will support supreme audit institutions to apply the tool to assess their own integrity and support assessments of public organisations.

We expect to lead the completion of further training of IntoSAINT assessment facilitators in 2024. We will also work with other members of the working group to create new training materials.

Building on our integrity framework

In 2022, we created an integrity framework for the public sector. Although the framework was partially informed by Māori frameworks, there is more work to do to fully integrate te ao Māori into the integrity framework.

Planned work: Integrating Māori perspectives of integrity

In 2022/23, we started work to understand more fully what the concept of integrity means and looks like for Māori and how that could be applied in a public sector context.

In 2023/24, we will consider the implications this work has for our integrity framework and accompanying guidance and how we can more fully integrate te ao Māori concepts into our integrity framework.

In 2022/23, we encouraged public organisations to assess their organisation using our integrity framework. However, measuring whether organisations are making improvements in integrity is not easy. Organisations have asked for additional guidance on how to best measure and monitor integrity.

Planned work: Guidance on measuring and monitoring integrity

In 2023/24, we plan to publish guidance on measuring and monitoring integrity. We will draw on the work we are doing in our organisation along with insights from developing an integrity audit methodology. It will also involve a literature review, with a focus on auditing culture and existing ethics and integrity assessment tools. We will have conversations with public organisations as they implement the integrity framework to document how they are measuring the different components of the work they are doing. Our work might include publishing case studies.

Enhancing our impact in te ao Māori

4

We want to continue to build trust and confidence among Māori in our role and for our work to have increased relevance to, and impact for, Māori. We also want to influence the public sector to improve on how it reflects the uniqueness of New Zealand.

In 2023/24, our work will focus on:

- our strategy for te ao Māori; and
- public sector accountability to Māori.

1. Te ao Māori strategy

We have started developing a strategy to help us continue building our organisational capability and capacity in te ao Māori.

We are committed to enhancing our impact so that Māori communities will increasingly see us as a relevant and trusted organisation.

In 2022/23, we planned a second phase for this strategy work. We were informed by the insights from the *Māori perspectives on public accountability* report that we commissioned from Haemata Limited in 2022.

In 2023/24, we will publish our strategy for te ao Māori, which will set out our key priorities to:

- continue to build relationships in Māori communities;
- take account of Māori knowledge and perspectives in our work; and
- support staff to build their capability to improve outcomes that benefit Māori communities.

We will work with our recently established Rōpū Māori to advise us as we work through this process.

2. Public sector accountability to Māori

In 2022, we published research we commissioned from Haemata Limited on *Māori perspectives on public accountability*. This research is part of our broader programme of work on how the accountability system is working for the public.

We have also increased our focus on examining how well the public sector is supporting improved outcomes for Māori. In 2022/23 we published two reports on this topic, one looking at how well public organisations were supporting whānau ora, and another looking at the effectiveness of four government initiatives aimed at delivering improved outcomes for Māori.

Public organisations need to honour commitments the Crown made through Treaty settlements to build and maintain meaningful and effective relationships

between Māori and the Crown. Te Arawhiti – The Office for Māori Crown Relations is monitoring progress made by the Crown in honouring these commitments.

In 2023/24, we intend to look at how prepared public organisations are to meet their Treaty settlement commitments. This will include looking at the systems for overseeing and monitoring the Crown’s honouring of Treaty settlement commitments.

This work will support public organisations, such as Te Arawhiti and Te Kawa Mataaho Public Service Commission, to identify how they can better support the public sector to meet the Crown’s settlement commitments.

Planned work: How well prepared are public organisations to meet Treaty settlement commitments

In 2023/24, we plan to look at the complex system of Treaty settlement commitments. Our work will include looking at who monitors the implementation of the Crown’s Treaty settlement commitments, what support is available to help public organisations meet their commitments, how progress is monitored, and what happens when commitments are not implemented in a timely and complete way.

Building on our reputation as a source of trusted information

We want to build on our reputation as a source of trusted information about public sector performance and accountability. We need to do more to communicate our work to target audiences to ensure that it has impact and for us to be seen as an independent source of truth on matters of public sector performance and accountability.

In 2023/24, our work will focus on:

- continuing our regular reports; and
- better using our knowledge and reputation to increase the impact from our work.

1. Our regular reports

Each year, we consolidate the results of our annual audits in central government, local government, and other sectors. We publish the main findings from these audits in sector reports or letters and use them to advise select committees, keep the public informed, and plan our work programme. We also report on the results of our annual audit of the Government's financial statements.

Planned work: Sector reports

In 2023/24, we plan to prepare reports about the latest completed audits in these sectors:

- central government (including the Controller function);
- schools;
- tertiary education institutions (including work on disparities in tertiary education);
- health;
- local government; and
- licensing trusts.

Planned work: Auckland landscape scan

In 2023/24 we will complete an Auckland landscape scan to describe the Auckland context and to assess how the public sector is reporting on its performance in the region.

About 34% of New Zealand's population live in the Auckland region. By 2043, Auckland's population is expected to increase by 600,000. This will take the total Auckland population to 2.2 million. Auckland is diverse and home to people of more than 200 different ethnicities, with about 40% of Aucklanders born overseas.

In 2019, public sector spending in Auckland was estimated to be 36% of the total public sector spending for the country. Nationally significant public sector work programmes have major policy and delivery components in Auckland. About 29% of public sector employees are based in Auckland.

Managing the infrastructure needed for Auckland's growth is increasingly addressed through large-scale infrastructure projects that are jointly funded by the Crown and Auckland Council. This creates complexity in governance, accountabilities, procurement, and monitoring outcomes for these projects.

In combination with our annual audits, we carry out appropriation audits of government departments. We also monitor public spending, in keeping with a Memorandum of Understanding we have with the Treasury. Through this work, we check that government expenditure is within the authority provided by Parliament. We report our findings and conclusions to the Treasury throughout the year in monthly Controller reports.

Our report on the central government audits includes the work carried out under our Controller function for the year, along with our findings and conclusions. We also produce an interim report on our half-year findings (our work from 1 July to 31 December of each year) and various reports on matters of interest.

Planned work: Half-year Controller update

Our Controller function is a core part of our role. It provides assurance to Parliament and the public about whether the Government has incurred expenditure as authorised by Parliament. We report publicly on our work.

In 2023/24, we will provide our regular half-year Controller update, which provides an account of our work and findings for the first six months of 2023/24. We may also publish Controller reports on other matters of interest and summarise findings for the year in the annual report on central government audits.

2. Better using our knowledge and reputation

We want to increase our impact by actively sharing our knowledge and that of other experts with the broader public sector.

Planned work: Procurement reflections – wrap-up of procurement work

Procurement is the process that public organisations use to obtain different kinds of goods and services to support their work. We want to support public organisations to get the best possible outcomes from spending public money, which is why we started a multi-year work programme on procurement in 2018/19.

The work programme began with an introductory report: *Introducing our work about procurement*. Since then, we have produced a range of procurement-related reports. The final piece of work in this work programme is a procurement reflections report. This report will analyse our recent procurement-related work and identify key themes and good practice. We wish to inform and engage key public sector stakeholders (including Parliament and officials working in procurement functions) on our findings, with the aim of improving public sector procurement practices.

Planned work: Support for audit and risk committees

We will continue our focus on engaging with audit, risk, and assurance committees (including convening Audit and Risk Committee Chairs' Forums about eight times a year, covering topics relevant to local and central government).

We will also continue to support a new Parliament in its scrutiny function, brief councils on our role, on good governance, and on good practice, and regularly attend audit and risk meetings in larger public organisations.

We are always looking for ways to give Parliament and the public better visibility of matters of current concern involving public organisations. In recent years, we have been working to provide our reports more quickly, so they are more useful for public organisations trying to improve their performance. Our work on personal protective equipment, the nationwide roll-out of the Covid-19 vaccination programme, and the Wage Subsidy Scheme are all examples of where this has been successful.

In 2023/24, we want to keep building on what we have learned from this work and pilot a new type of performance audit work – a rapid audit.

These rapid audits will be a shorter, quicker form of performance audit and will complement our other inquiry and performance audit work by providing a timelier way of reporting facts about emerging and topical issues. They will support parliamentary scrutiny of issues as they emerge and will provide the public with a means to better understand the issue. Designed to be fast (reporting on an issue after about 12 weeks), the work will focus on setting out facts supported by good evidence to clarify or provide insight.

Other Supreme Audit Institutions, such as those in the Netherlands, United Kingdom, and France, have started doing this type of work and have covered topics such as Covid-19 responses and supply of strategic reserves. We will look to learn from these examples when scoping our work.

Planned work: Two pilot rapid audits (topics to be confirmed)

In 2023/24, we plan to carry out two pilot rapid audits. Although the topics are still to be decided, we will look to have a value-for-money focus in at least one of these pilots.

The form of the work will depend on the topic and could range from desk-based research to specific case studies. The rapid audits may also be designed to support more longer-term performance audit or inquiry work.

In 2022/23, we have run a speaker series for public servants on matters of concern to the Auditor-General, such as integrity and performance reporting. These sessions have attracted many hundreds of public servants.

In 2023/24, we will continue to use our “What good looks like” speaker series and other events to share good practice.

Planned work: “What good looks like” speaker series

We will continue our quarterly speaker series, where we host online and in-person events with a range of speakers and panellists from the public and private sectors who share their good practice experience and processes.

Appendix 1

Response to feedback on our draft annual plan

Section 36 of the Public Audit Act 2001 outlines the requirements for preparing the annual plan of the Auditor-General. This includes considering any comments of the Speaker or any committee of the House of Representatives on our *Draft annual plan 2023/24*. Below, we outline the feedback we received from committees and our response to that feedback. We also describe the feedback received from our other stakeholders, including the general public.

The feedback we received on our draft plan was largely supportive of our proposed work programme and the topics it covers. We received an acknowledgement of our plan from the Justice, Governance and Administration, and Social Services and Community Committees.

The Finance and Expenditure Committee (FEC) invited us to discuss our plan and provided us with feedback. The Committee was interested in our planned work on performance reporting and what Parliament can do to support the objective of improving performance reporting.

Performance reporting is the main way that public organisations explain to Parliament and the public how well they have used public money to deliver services, achieve outcomes, and ultimately create value for New Zealand. Performance reporting plays an important role in maintaining public trust and confidence in the public sector. Parliament can require more from public organisations. It can demand better quality information that is focused on what matters to New Zealanders.

We noted in our draft plan that we are planning to introduce a new product in 2023/24 – a rapid audit. The feedback we received was generally supportive of this new type of audit, which will be a shorter form of performance audit, designed to provide clarity or insight on matters of immediate public interest in a short time frame.

The FEC was interested in how we would ensure the necessary quality, rigour, and accuracy for rapid audits. We are preparing a new methodology for these types of audits to make sure that they can be carried out quickly, will adhere to our quality standards, and are as useful as possible to Parliament, public organisations, and the public. The methodology may depend on the topic and the extent to which the review draws conclusions, provides assurance, and makes recommendations.

The FEC noted that the plan looks well considered and did not propose any changes.

Other feedback we received was largely supportive of our proposed work programme. We did receive feedback about the breadth of this plan, and the amount of work we have planned during this year while also addressing audits deferred due to Covid-19. While we acknowledge this plan is broad, we want

to ensure that we continue to provide insight into the areas of public sector performance that New Zealanders see as important alongside our focus on addressing deferred work.

In this year's public survey, we heard about two areas of interest for the public: value for money and resilience of infrastructure, and the effectiveness of workforce planning in the health and education sectors. In our draft plan, we asked for feedback on these options and we received particular support for looking at the resilience of infrastructure, with some specific suggestions that we could focus on. We have decided to include a performance audit on this topic in our programme for 2023/24.

We received detailed feedback about some of our initiatives, which we will consider as we carry out more detailed planning for our work, as well as when planning work for 2024/25 onwards.

Appendix 2

Summary of the 3326 public organisations we audit, as at 1 June 2023

Central government 2913 organisations



1 Financial Statements of the Government

54 government departments*

112 other central government organisations

These are other central government organisations that do not have their own specific category. Most are statutory organisations established under specific legislation, as well as other organisations listed in Schedule 4 of the Public Finance Act 1989 that are not categorised as reserve boards or fish and game councils.

14 Rural Education Activities Programmes

13 Crown research institutes*

15 fish and game councils*

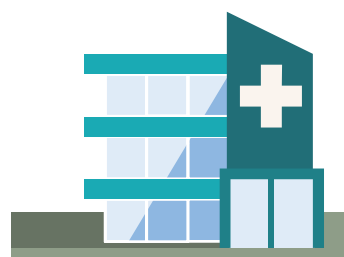
These are the New Zealand Fish and Game Council, 12 regional fish and game councils, the New Zealand Game Bird Habitat Trust Board, and the Game Animal Council, all listed in Schedule 4 of the Public Finance Act 1989.



46 tertiary education institutions**

On 4 October 2021, six Workforce Development Councils were established through the Reform of Vocational Education.

89 other Crown entities
These are statutory Crown organisations (Crown agents, autonomous Crown organisations, and independent Crown organisations) listed in Schedule 1 and Crown entity companies listed in Schedule 2 of the Crown Entities Act 2004.



14 health-related entities



2483 schools*

33 State-owned enterprises and mixed-ownership companies*

39 administering bodies

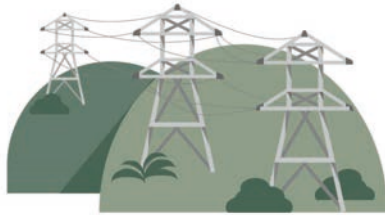
These are administering bodies and reserves boards listed in Schedule 4 of the Public Finance Act 1989.

* including related entities

** including related entities and workforce development councils

Local government

400 organisations



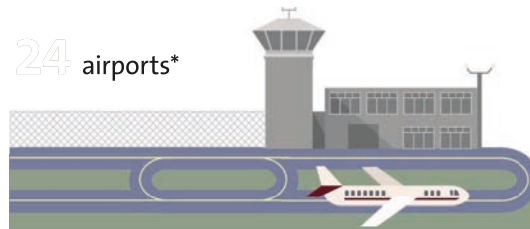
36 energy companies*



18 port companies*



78 councils



24 airports*

155 other council-controlled organisations

These are council-controlled organisations as defined in the Local Government Act 2002 (other than airports, energy companies, or port companies).

30 licensing and community trusts*

59 other local government organisations

These are related to councils but are not council-controlled organisations – for example, organisations exempted from being council-controlled organisations under the Local Government Act 2002.

Other

13 other audits



9 Government of Niue*



2 Government of Tokelau*

2 Public Audit Act section 19 audits

The Governments of Niue and Tokelau (including related entities) are audited by the Office because the New Zealand Auditor-General also holds the role of Auditor-General for these countries.

These are entities audited under an arrangement in accordance with section 19 of the Public Audit Act 2001.



Topic	Initiative	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	23/24 Q1	23/24 Q2	23/24 Q3	23/24 Q4	24/25 Q1	24/25 Q2	24/25 Q3	24/25 Q4
Influencing the performance of public organisations	Effectiveness of mental health and alcohol/other drug services for young people	■			■	■							
	Understanding and addressing educational disparities			■			■						
	Immigration New Zealand visa processing – accountability and effectiveness of the visa process					■	■	■	■				
	Progress of the Government's efforts to reduce child poverty					■	■	■	■				
	Leadership of the housing and urban development system		■			■	■						
	Planning of significant housing and urban development projects					■	■	■	■				
	Cyber security maturity and preparedness						■	■	■	■			
	Systems and processes underpinning government decisions on major infrastructure investment		■	■	■	■	■	■	■				
	Performance audit topic from public survey: Infrastructure resilience									■	■	■	■
	Presenting a picture of sector-level performance reporting (transport pilot)		■	■	■	■	■	■	■				
Influencing more meaningful and useful performance reporting	Assessing the quality of performance reporting				■	■	■	■	■				
	Good practice guidance on performance reporting – local government					■	■	■	■				

Building on our reputation as a source of trusted information

Topic	Initiative	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	23/24 Q1	23/24 Q2	23/24 Q3	23/24 Q4	24/25 Q1	24/25 Q2	24/25 Q3	24/25 Q4
Our regular reports	Observations from our central government audits (including the Controller function): 2022/23												
	Results of the 2022 school audits												
	Results of the 2022 audits of tertiary education institutions and understanding disparities in tertiary education												
	2022/23 health update												
	Insights into local government 2022 audits												
	Insights into local government 2023 audits												
	Licensing trusts: Results of the 2022/23 audits												
	Auckland landscape scan												
	Half-year Controller update												
	Procurement reflections – wrap-up of procurement work												
Better using our knowledge and reputation	Support for audit and risk committees												
	Two pilot rapid audits (topics to be confirmed)												
	“What good looks like” speaker series												

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Office of the Auditor-General
PO Box 3928, Wellington 6140

Telephone: (04) 917 1500

Email: reports@oag.parliament.nz
Website: oag.parliament.nz